

Why financial wellness programs matter

American businesses have long realized the added value that health wellness programs deliver. A healthier workforce translates into a number of business benefits: fewer absences, more productive employees, better employee retention, and less stress on the employer-sponsored health insurance program. Likewise, employees enjoy access to programs that improve their health. Today, 77% of employers that provide health benefits offer at least one wellness program.

Yet when it comes to financial wellness, employers have yet to fully understand the impact that an employee's financial condition has on the bottom line. Just 6% of employees surveyed strongly agree that their employer does things to help them manage their finances more effectively[i].

Financial strains among your employees can happen quickly. Accidents, illnesses or unexpected deaths can create a devastating burden that can impact not just the employee, but also the business. In a recent survey, 24% of employees say that personal financial issues cause distractions at work, and 39% spend three or more hours a week thinking about or dealing with those issues while on the job[ii].

There's also a real impact to employers: 7 of 10 human resources professionals have seen personal financial issues impact – at times significantly – employee performance[iii].

Financial Wellness Defined

Financial wellness, simply put, is being protected against risks that are both difficult to predict and could have significant financial consequences. There are any number of factors that can affect one's financial wellness, and any one factor can threaten the continuity of life for employees. Such risks include:

Loss of income due to premature death

Loss of income due to illness or injury

Out-of-pocket medical and non-medical expenses

Outliving assets in retirement

Today, many employees are focused on their retirement assets. However, just as many employees underestimate, or are unaware of an unexpected expense or loss that could be more devastating. Moreover, these risks are more immediate – they can happen at any time and at any age or stage in one's career.

The Evolution of Financial Wellness

Luckily, employers are beginning to see the value in helping their employees gain financial wellness. A 2014 survey of plan sponsors revealed that 30% are very likely and 46% are somewhat likely to create or expand resources available to participants to examine financial wellness beyond retirement decisions[iv].

Studies also show that health and financial wellness are inextricably linked. Forty-eight percent of employees say that dealing with their financial situation is stressful[v]. Unexpected accidents or death can have a huge impact on finances well into the future.

For the same reasons employers are benefitting from health wellness programs they can benefit from financial wellness programs. According to the Consumer Financial Protection Bureau (CFPB), a financial wellness program could save companies anywhere from \$1 to \$3 for each dollar they spend[vi].

Helping Employees Become Financially Fit

Creating financial wellness takes both understanding the potential risks and having access to information and assistance that can help employees protect themselves. For employers, it's about arming employees with the necessary education and tools to identify and manage their financial risks.

Employers can start by:

Help employees understand needs and solutions. Implement educational programs that illustrate their financial risks, explain the importance of financial wellness, and guide them toward solutions.

Use tools to gauge financial wellness of employees: Work with a provider to measure and understand the influences on employee financial wellness among your employees.

Set financial wellness benchmarks: Create a baseline for your employee population, then use it to identify employees who may need more assistance. Use the benchmarks to monitor the program and its effectiveness. Look for coverage gaps and customize communications to give them more educational resources.

Use existing educational resources. Utilize the support of your benefits providers who can conduct a needs analysis, answer questions, and give personalized coverage recommendations.

Offer a comprehensive suite of solutions. Consider adding insurance coverage that can mitigate financial risks to your current benefits lineup, such as life, disability, critical care, and accident. Use health wellness programs, health savings accounts, and 401(k) and other savings plans to help employees earmark finances toward unexpected expenses.

Wellness is Much More Than a Focus on the Body

Employee wellness extends well beyond the physical. Financial pressures can impact productivity, absence rates, retention and even employee health. Employers are in a position to effect positive change for their employees. Doing so can not only give employees more peace of mind, but also give employers a stronger advantage in attracting and retaining top talent.

Needs-based financial wellness programs can improve how your company approaches employee wellness. By understanding who among your employees is at risk and why, you can provide much-needed education and resources that can help improve your employee's overall quality of life.